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*Noted by SC9
3/28*

ER-file

MEMORANDUM

SUBJECT: Present Ownership of Former Trujillo-controlled Industries

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| Executive Registry |
| 62-3709 |

1. The industrial properties that had been owned by former Dominican dictator Trujillo are valued at between \$150,000,000 and \$200,000,000. They are currently under the control of the Dominican government and their final disposition, with a few minor exceptions, has not been decided upon.

2. At the time of his death on 30 May 1961, Rafael Trujillo and his family owned in excess of 50 percent of the Dominican industrial plant as measured by the value of investment or sales. In addition, he owned sugar lands and mills producing about two-thirds of the country's sugar crop, most of the country's important commercial and transport enterprises, several financial and insurance firms, and several companies which imported US goods and sold them in the Dominican Republic. Trujillo firms were generally exempt from import duties and taxes. In addition, there were other enterprises, such as banks and the electric utilities industry, which were ostensibly autonomous government institutions or private corporations but which in fact were probably controlled by the dictator.

(EXECUTIVE REGISTRY FILE)

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3. During the Trujillo reign a number of private American companies, mainly in utilities, mining, and agriculture, were operating in the country. A Trujillo policy of "Dominicanization" of industry during the early 1950's resulted in the forced sales of several of these companies to Trujillo or--ostensibly--to the government. These included the former Stone and Webster-controlled electric utility and all but one of the sugar companies. The three leading US companies remaining were the South Porto Rico Sugar Company, Alcoa Exploration Company, and a subsidiary of the United Fruit Company. These and smaller US companies were often forced to pay tribute to the Trujillo interests. Trujillo's cut on public contracts was usually ten percent.

4. After Trujillo's death, several private US firms sought to purchase Trujillo properties offered for sale by the family. The US Consulate dissuaded them by pointing out that the titles would probably be subject to litigation in the future and that, since most Dominicans regarded the properties as stolen by the Dictator, the American companies would be strongly criticised for paying the Trujillos for the properties.

5. There was a plan, actively pursued by the US consulate, to have the dictator's family turn a portion

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of the properties over to an impartial foundation which would administer them for the benefit of the nation. This plan, agreed to conditionally by Ramfis Trujillo, became a dead issue when Ramfis fled into exile in November.

6. With the establishment of an anti-Trujillo provisional government in January, the Trujillo properties, many of which had already been turned over to government agencies for administration, were consolidated under several government agencies. The government does not intend to permit the disposal of the major properties until after an elected government is formed following the elections scheduled for next December. The only properties it has offered for sale are Ramfis Trujillo's polo ponies and the pleasure ship Angelita, which is up for sale for \$2,500,000.

7. In March a group of private American businessmen offered to sponsor a project to give help and advice in the management of the former Trujillo properties. The business organization, called the Business Council for International Understanding, has sent representatives to the Dominican Republic to assess the needs and plans to send about ten American managerial advisers to the country to serve, free of charge, in this project. The American ambassador is convinced that the men have no axes to grind and the project is intended as a good will gesture.

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8. Most of the former Trujillo industrial properties are now operating under the management of government agencies. All of them, however, have suffered in varying degrees from the fact that they are now subject to higher labor costs, to import duties, and in some cases to other taxes from which they had been exempt during Trujillo's lifetime. Many of them were not economically competitive even during Trujillo's lifetime except for the special privileges they enjoyed. An important exception are the sugar mills which were economically viable and which are now operating fairly efficiently, despite some management problems and heavy wage increases decreed by the government after Trujillo's death. The mills are concluding a good grinding season at this time. Business is slow now at the Astilleros Dominicanos, the former Trujillo-owned shipyard. Current information is unavailable in Washington on the current operations of the former Trujillo owned factories producing cigarettes, nails, batteries, furniture, chocolate candy, hats, soap, cement, glass bottles, paper, soft-drinks, paints, plastic items, and several other small plants. Most of these, however, are believed still operating. The electric utilities company does appear to be in trouble, but this is apparently due more to the deterioration of the plant in Trujillo's time than to poor management since his death. The former Trujillo-owned brewery is probably operating normally.

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